(b) if so, what are the areas of foreign investment which India is envisaging for development of Indian economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) In recognition of the fact that the country needs a large quantum of foreign investment, the Government welcomes foreign direct investment (FDI) as well as the participation of foreign institutional investors (Flls). The foreign investment policy is reviewed on an ongoing basis and has been progressively liberalized.

FDI is encouraged and actively sought after, particularly in areas of infrastructure, high technology and exports.

Regional disparities in States

3432. SHRI R.K.ANAND:
SHRI SANTOSH BAGRODIA:

Will the Minister of FINANCE be pleased to state:

• (a) whether it is a fact that regional disparities in the States had increased during the last decade;

(b) if so, what are the reasons and how they can be removed;

(c) in the light of the above, whether the scope of the Finance Commission will be enlarged in order to reduce the interference of the Centre in the financial management of the States and the discretionary transfers; and

(d) whether Finance Commission would be accorded permanent status; and if not, the reasons for the same?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Overall disparity in inter-State growth did increase during the nineties as compared to eighties and seventies. Faster growth in some States could be on account of reformed States harnessing more of their true potential.

(c) and (d) There is no such proposal under consideration of the Government.

Imposition of excise duty on MRP

3433. SHRIMATI BIMBA RAIKAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government have announced imposition of a levy of Excise

duty on the Maximum Retail Price (MRP) of drugs/medicines with an abatement of 35 per cent;

(b) whether the Government have, in the process, factored in the post production expenses incurred by pharma companies; and

(c) whether this changeover from excise on transfer price to excise on MRP would entail re-packaging/marking of revised prices, on the stocks lying in factories as required under Drug Price Control Order regulations?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) The Government notified retail price based assessment of excise duty for allopathic drugs and medicines with effect from 8.1.2005 *vide* Notification No. 2/2005-Central Excise (NT.) dated 7.1.2005 prescribing abatement of 35%. Subsequently, in view of representations from the pharmaceutical industry and the recommendations of the Department of Chemicals and Petrochemicals, the level of abatement has been increased from 35% to 40% with effect from 23.2.05 *vide* Notification No. 4/2005-Central Excise (NT.) dated 23.2.05.

(b) Government factored all material facts as per law to determine the level of abatement.

(c) Such situation may arise only when there is change in retail price.

Finance Minister's meeting

†3434. SHRIMATI MAYA SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the issue of VAT was discussed in the VAT and the pre-Budget 2005-06 discussions in the meeting of the Central and State Finance Ministers held on 3rd February, 2005; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir.

(b) Does not arise.

Employment for unemployed youth in Nagaland

3435. SHRI T.R. ZELIANG: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware of special package announced during 2003 for employment of 25,000 unemployed youths in Nagaland;

†Ortginal notice of the question was received in Hindi.